



(English Translation)

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14 November 2016

Subject : Clarification of 3Q-2016 Operating Result

To : President
The Stock Exchange of Thailand

Sansiri Public Company Limited (SIRI) would like to clarify the operating result for the quarter ended 30 September 2016 of the Company and its subsidiaries as follows.

Total revenue in 3Q-2016 amounted to 6,784 Million Baht, decreasing by 38 percent from 10,943 Million Baht in 3Q-2015. The decrease in total revenue was caused by a 45 percent decrease in revenue from project sales, which was the core revenue, compared to that of 3Q-2015. As a result, total revenue as of 9M2016 amounted to 22,708 Million Baht, a 19 percent decrease compared to that of 9M2015. Nonetheless, revenue from business management in 3Q-2016 increased significantly by 134 percent compared to that of 3Q-2015. In 3Q-2016, Sansiri and its subsidiaries reported net profit of 603 Million Baht, a decrease of 43 percent from net profit of 1,062 Million Baht in 3Q-2015, making the net profit as of 9M2016 decreased from 2,503 Million Baht in 9M2015 to 1,782 Million Baht.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 3Q-2016, 3Q-2015, 9M2016 and 9M2015 is as follows:

Product Type	3Q-2016		3Q-2015		9M2016		9M2015	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	2,218	40.0	2,232	22.2	6,659	33.5	6,983	27.2
Townhouses / Home Office	212	3.8	553	5.5	765	3.8	1,590	6.2
Condominiums	3,113	56.2	7,252	72.3	12,470	62.7	17,074	66.6
Others	-	-	-	-	-	-	1	0.0
Total	5,543	100.0	10,037	100.0	19,894	100.0	25,647	100.0



In 3Q-2016, Sansiri and its subsidiaries reported a 45 percent decrease in revenue from project sales from that of 3Q-2015. The decrease in revenue was caused by the decrease in revenue from condominium projects and townhouse. As a result, the revenue from project sales as of 9M2016 decreased by 22 percent compared to that of 9M2015. To the total revenue from project sales in 3Q-2016, 3,113 Million Baht revenue from condominium projects contributed 56.2 percent, 2,218 Million Baht revenue from single-detached house projects contributed 40 percent, and the revenue of 212 Million Baht from townhouse projects contributed 3.8 percent.

Revenue from single-detached house projects in 3Q-2016 was approximately the same as that of 3Q-2015. In 3Q-2016, the revenue from single-detached house was mainly from three projects, including Setthasiri Charun-Pinklao, Setthasiri Krngthep Kreetha, and Setthasiri Pattanakarn, which altogether contributed 814 Million Baht or 15 percent of total revenue from project sales.

In 3Q-2016, revenue from townhouse projects amounted to 212 Million Baht decreased from 553 Million Baht in 3Q-2015. The major contributor was from projects under the brand "Town Avenue", which altogether contributed 90 Million Baht.

Similarly, revenue from condominium projects decreased by 57 percent from 7,252 Million Baht in 3Q-2015 to 3,113 Million Baht in 3Q-2016. In 3Q-2016, the XXXIX, the BASE Central Pattaya, dcondo Nim, dcondo Campus Resort Bangsaen, Baan Plai Haad Wong Amart, and dcondo Campus Resort Rangsit were the six highest contributors respectively, which altogether contributed 2,029 Million Baht or 37 percent of total revenue from project sales.

Revenue from Property Services

In 3Q-2016, the revenue from projects for rent amounted to 26 Million Baht, increasing by 76 percent from 15 Million Baht in 3Q-2015. As a result, the revenue from projects for rent as of 9M2016 increased by 17 percent compared to the same period of last year whereas the revenue from business management amounted to 954 Million Baht, a significant increase of 134 percent from 408 Million Baht compared to the same period of last year. The main factor was revenue from property management of joint venture. As a result, as of 9M2016, the revenue from business management increased significantly by 130 percent compared to the same period of last year. In addition, revenue from other services, including revenue from hotel business, and education business, was 84 Million Baht, slightly decreased from 86 Million Baht in 3Q-2015.



Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 3Q-2016, cost of project sales amounted to 3,819 Million Baht, a 46 percent decrease from that of 3Q-2015, in accordance with a decrease in revenue from project sales. Similarly, cost of project sales as of 9M2016 decreased by 24 percent when compared to the same period of last year. In 3Q-2016, gross profit margin of project sales increased from 31.1 percent in 3Q-2015 to 31.6 percent. For the cost of projects for rent in 3Q-2016, it increased by 51 percent from 3Q-2015 to 17 Million Baht in accordance with an increase in revenue from projects for rent, while cost of business management increased from 339 Million Baht in 3Q-2015 to 712 Million Baht in 3Q-2016 and increased significantly to 1,556 Million Baht as of 9M2016 from 694 Million compared to that of 9M2015 in accordance with an increase in revenue from business management. In addition, cost of other services including hotel business and education business decreased by 4 percent from 3Q-2015. Nonetheless, cost of other services as of 9M2016 increased by 1 percent compared to the same period of last year as a result of an increase in cost of other services in 1Q-2016.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 3Q-2016 at 1,263 Million Baht, accounted for 18.6 percent of the total revenue, an increase from 15.8 percent in 3Q-2015. Similarly, the selling and administrative expense as of 9M2016 increased to 18.5 percent from 16.9 percent compared to the same period of last year. The selling expenses in 3Q-2016 were at 9.7 percent of total revenue, increased from 8.6 percent of total revenue in 3Q-2015. As a result, the selling expenses as of 9M2016 had increased, accounted for 9.7 percent of total revenue. In 3Q-2016, the administrative expenses (including management benefit expenses) compared to total revenue had increased from 7.2 percent of total revenue in 3Q-2015 to 9.0 percent of total revenue in 3Q-2016, resulting in an increase of the administrative expenses as of 9M2016 from 7.9 percent of total revenue to 8.9 percent of total revenue compared to that of 9M2015 due to a decline of total revenue.

Financial Expense

Financial expense decreased from 212 Million Baht in 3Q-2015 to 158 Million Baht in 3Q-2016, due to the developing land plots process and the increase in project sales of complete projects, making the financial expense as of 9M2016 decreased by 19 percent compared to that of 9M2015



Net Profit

For 3Q-2016, Sansiri and its subsidiaries reported net profit of 603 Million Baht, a decline from net profit of 1,062 Million Baht in 3Q-2015. A net profit margin of 8.9 percent of total revenue in 3Q-2016 decreased from 9.7 percent of total revenue in 3Q-2015 as a result of an increase in selling and administrative expense. In addition, Sansiri reported an operating profit margin in 3Q-2016 of 10.8 percent and an effective corporate income tax in 3Q-2016 was at 20.1 percent of earnings before corporate income tax.

Assets

Total assets of Sansiri and its subsidiaries as of 30 September 2016 amounted to 71,319 Million Baht, an increase of 1,868 Million Baht from that of 31 December 2015. Current assets as of 30 September 2016 was at 59,990 Million Baht, increased from 59,135 Million Baht as of 31 December 2015 due to the increase in cash and cash equivalents. Nonetheless, total non-current assets as of 30 September 2016 was at 11,329 Million Baht, increased by 1,013 Million Baht from that of 31 December 2015 due to an increase in current portion of loans to related parties.

Liabilities

Total liabilities of Sansiri Group amounted to 44,803 Million Baht as of 30 September 2016, an increase of 2,550 Million Baht from that of 31 December 2015. Total current liabilities was at 23,284 Million Baht, an increase of 3,334 Million Baht from that of 31 December 2015 due to the increase in short-term loans and unsecured debentures due within one year. On the other hand, non-current liabilities decreased by 784 Million Baht from that of 31 December 2015 to 21,519 Million Baht mainly due to the decrease in long-term loans and the unsecured debentures. The interest bearing debt increased from 33,369 Million Baht as of 31 December 2015 to 35,174 Million Baht as of 30 September 2016. The debt-to-equity ratio was 1.69 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.33 times. In this regard, Sansiri has been operating under restrictive financial covenants with gearing ratio less than 2.5 to 1.

Shareholders' Equity

Shareholders' Equity as of 30 September 2016 amounted to 26,516 Million Baht, a decrease of 682 Million Baht from that of 31 December 2015, mainly from a decrease in unappropriated retained earnings which was utilized for dividend payment of 2,286 Million Baht.



Cashflow

For the year 2016, beginning cash balance was 2,672 Million Baht with net cash provided from operating activities of 5,928 Million Baht, net cash used in investing activities of 1,372 Million Baht, and net cash used in financing activities of 1,539 Million Baht, resulting in the ending cash balance of 5,493 Million Baht as of 30 September 2016. For operating activities, profit from operating activities before changes in operating assets and liabilities was at 17,139 Million Baht. In this regard, cash outflow as development costs for property development for sales amounted to 11,641 Million Baht. For investing activities, loans to related parties and investments in joint venture amounted to 1,633 Million Baht and 250 Million Baht respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions and Repayment of debentures amounted to 5,152 Million Baht and 1,000 Million Baht respectively.

Liquidity Ratio

The liquidity ratio of Sansiri Group decreased from 2.96 times as of 31 December 2015 to 2.58 times as of 30 September 2016 as total current liabilities increased by 16.7 percent due to the increase in short-term loans and unsecured debentures due within one year whereas total current assets increased slightly by 1.4 percent from that of 31 December 2015.

Return on Equity

As of 30 September 2016, annualised return on equity was 8.84 percent, a decrease from 13.48 percent as of 31 December 2015 mainly due to a decrease in net profit margin from 8.92 percent as of 9M2015 to 7.85 percent as of 9M2016. The annualised return on assets as of 9M2016 was at 3.38 percent while the debt-to-equity ratio increased slightly from 1.55 times as of 31 December 2015 to 1.69 times as of 30 September 2016.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director